



COMMISSION NEWS

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

TO: EDITORS, NEWS DIRECTORS
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INVESTORS FACE GREATER RISKS TODAY; ARIZONA RESIDENTS SHOULD GET "BALLPARK ESTIMATE" OF THEIR SAVING AND INVESTMENT NEEDS

Most financial institutions and individual financial professionals (including brokers and investment advisers) are reputable. But, the truth remains that the marketplace for legitimate investments can also be risky for the growing number of investors who are turning to it. Three out of four Americans rely upon investments to help maintain their income. Unfortunately, Arizona investors lose thousands of dollars annually not to fictional investments touted by fly-by-night swindlers, but to investment products that were unsuited to their needs.

Investors tend to place their trust in brokers and other financial professionals, particularly when they are unfamiliar with the tremendous variety of investment measures. Furthermore, many investors do not know how to make good investment decisions because they fail to realize one or more of their major life goals or they have not developed a comprehensive financial plan. Roughly three-quarters of all current workers DO NOT KNOW how much they need to save and accumulate for retirement.

Investors often have no idea what methods of saving and investment are in their best interests.

That is the message of the Arizona Corporation Commission Securities Division, HOST OF the National Investors' Town Meeting, April 4, 1998 from 10:00 am – 1:00 pm at the ASU Downtown Center. THE EVENT IS FREE TO THE PUBLIC.

Mike Burton, Director of the Securities Division, wants to encourage Arizona residents to get a "Ballpark Estimate" of their retirement needs so they know what to look for when seeking financial planners and investments. Created by the American Savings Education Council, the "Ballpark Estimate" WORKSHEET (ATTACHED) helps people determine annual savings goals by simplifying complex calculations, such as earnings assumptions and projected Social Security benefits, in six easy steps. "The first step to wise investing is to understand your current financial condition and goals for the future," says Burton.

An estimated 65 million Americans will probably fail to achieve one or more of their major life goals because they have not developed a comprehensive financial plan. Three out of four American workers have no idea how much money they should save for retirement, according to recent surveys. Most respondents said that they were afraid of the answer, considered the process too complicated, or did

not have the time (Source: SEC, Washington D.C).

It is critical that Americans know how much they will need for retirement as soon as possible FOR THE FOLLOWING REASONS:

- ◆ Average Americans will need 70% of their current income in retirement to live comfortably.
- ◆ Social Security was designed to supplement, not cover, all income needs in retirement. The average retiree today finds that social security payments amount to 40% of their pre-retirement income.
- ◆ About half of our workers, 60.4 million Americans, have no pension plans at work.

The sooner Americans start saving for retirement, the easier and cheaper it is to build up a nest egg. Small amounts of money can grow dramatically over long periods of time, especially through the compounding of interest and reinvestment of dividends.

For example, a 35 year-old working woman with an annual income of \$30,000 will need \$21,000 per year to enjoy her same standard of living in retirement. The worksheet's steps 2, 3 and 4 tell her she needs to save \$135,000 by age 65. If she already saved \$2,000 (step 5) for retirement, step 6 tells her she should save \$2,793 this year, assuming a 3% rate of return on her savings after inflation.

For a free copy of the "Ballpark Estimate" WORKSHEET, call 1-800-732-0330 or visit the campaign's website at www.investoreducation.org.

A copy of the "Ballpark Estimate" WORKSHEET is attached.

NATIONAL INVESTORS' TOWN MEETING:

APRIL 4, 1998

10:00 am- 1:00pm

ASU Downtown Center

In the Mercado

502 E. Monroe Street

Parking Garage:

Corner of 5th St. & Monroe

Free Parking Validation at Event

THIS EVENT IS FREE TO THE PUBLIC